



Advisory Actions 2000

Department of General Services
Office of Public School Construction

State Allocation Board Meeting: October 25, 2000
Issue Number 11

Executive Corner



The Office of Public School Construction is pleased to announce that at the October 25, 2000 State Allocation Board meet-

ing, the Board apportioned nearly \$200 million in Deferred Maintenance funds providing essential funding for the benefit of students across the State of California. Throughout the State school districts and their students rely heavily on this resource for both ongoing facility maintenance and critical hardship projects. More information on this action is addressed in the adjacent article.

The Board also made apportionments under the provisions of Assembly Bill 191 and the Lease-Purchase Program from older Bond funds. Nearly \$15 million was apportioned for 21 gymnasium and multipurpose projects, providing important core facilities for various districts across the State.

Sincerely,

Luisa M. Park
Interim Executive Officer
Office of Public School Construction

Priority Points

The proposed priority point regulations presented at the October 25, 2000 State Allocation Board (SAB) meeting represented a hybrid of various proposals resulting from months of intense deliberations on this subject. The SAB granted conceptual approval of the OPSC's priority point model; accepting its mechanism and method of calculation and directed staff to also

include additional recommendations by the Board. The proposed amended regulations are to be presented at the December 13, 2000 SAB meeting for final adoption by the Board.

For complete details pertaining to the priority point calculation method, please visit the OPSC web page at <http://www.opsc.dgs.ca.gov>.

Deferred Maintenance Funding and Certification of Deposits

The State Allocation Board, at its October meeting, approved the 1999/2000 Fiscal Year Deferred Maintenance (DM) Basic and Critical Hardship funding applications in the amount of approximately \$200 million. The DM Program is funded from excess repayments from the State School Building Aid Program, certain State School Site Utilization funds, unallocated carryover from the previous year and any other funds made available by the Budget Act. The DM Critical Hardship projects must be completed within 12 months from the date of the apportionment.

To receive DM funding districts must have deposited the required funds with their county treasurer and the county must certify to the funds being on deposit. While approving the DM apportionments, the Board also approved an extension to November 30, 2000 for county treasurers to certify that their school districts have deposited the required funds for participation in the DM Program.

If a district does not deposit the maximum amount as calculated by the California Department of Education (CDE) regardless of the amount the State is able to match, Education Code (EC) Section 17584.1 requires the district's local governing board to submit a report to the Legislature by the following March 1st. The report is to include a schedule of the deferred maintenance needs for the current fiscal year and an explanation of how the district plans on meeting its current need without depositing the maximum amount calculated by the CDE. For specific information regarding the report requirements, please refer to the EC Section 17584.1.

Additionally, an updated DM Handbook, dated October 2000, has been posted on the OPSC web site at <http://www.opsc.dgs.ca.gov>. Should you have any questions concerning this program, please contact Elizabeth Dearstyne at 916.323.0073.

New Construction “Use of Grants”

At its September meeting, the State Allocation Board (SAB) voiced its increasing concern with requests for use of new construction grants. Additionally, the SAB directed the Office of Public School Construction (OPSC) to consider discontinuing approval of projects that do not primarily build classrooms to house pupils, especially while new construction priority points are in effect that will ration the balance of the limited funding to high priority projects. The SAB requested staff to review the “use of grants” criteria. The OPSC will not accept plans that include the following:

- ◆ If a district’s “housing plan” utilizes excluded portable classrooms pursuant to Education Code Section 17071.30, which were reported on its *Existing School Building Capacity* (Form SAB 50-02) when its initial new construction baseline was established, the district’s plan will be deemed unacceptable. The intent of the exclusion of certain portable classrooms was based on the premise that these classrooms were considered unsuitable to house pupils.
- ◆ If a district’s proposed project includes a request to build facilities in excess of 150 percent of the pupil capacity of the project, the district’s plan will be deemed unacceptable, as these projects are not primarily to build classrooms to house pupils.
- ◆ If a district has been approved for Financial Hardship status and its “housing plan” demonstrates a method of housing the displaced pupils which indicates utilizing funds available to the district to purchase, lease or build facilities, the district’s plan will be deemed unacceptable. These funds would be deemed available for the district project contribution.

Districts with unacceptable “housing plans” or funding requests that exceed 150 percent of the capacity of the project will be notified by a separate letter. Those districts will be given a prescribed number of days to address the issues identified in the OPSC review letter, by doing one or more of the following, as appropriate:

- ◆ Revise the district’s “housing plan”
- ◆ Reduce the pupils requested to be within 150 percent of the project capacity
- ◆ Withdraw the application
- ◆ File a *School District Appeal Request* (Form SAB 189) including the district’s justification for its appeal

For specific information regarding “use of grants” funding requests, please contact your OPSC Project Manager. Questions regarding “use of grants” appeal requests may be directed to Liz Yokoyama, Appeals Analyst, at 916.322.7627.

Hardship Funding Status Report

Faced with hardship funding resources falling dangerously below expected need, the Office of Public School Construction (OPSC), in response to the State Allocation Board’s (SAB) September directive, presented a status report on that fund and recommendations for dealing with the shortfall. The Board approved the following recommendations:

- ◆ The SAB approved the transfer of the remaining \$30.5 million of uncommitted Class Size Reduction funds, to the hardship category for the purposes of health and safety facility hardship projects only.
- ◆ Modernization funds may become available as a result of the rescission of projects not meeting the 18-month timeline required in accordance with Education Code Section 17076.10(d). Acknowledging this as a potential funding source and recognizing the critical need for hardship funds, the SAB approved a transfer to the hardship fund of the first \$59.5 million in future modernization rescissions.

A Complete Application

The importance of a thoroughly completed application submittal cannot be over-emphasized. To be sure your district is providing all items and information required for your particular application, whether Modernization or New Construction, take advantage of the application checklist, entitled “*Application Submittal Information*”, provided by OPSC on its web site (<http://www.opsc.dgs.ca.gov>).

To locate this checklist:

1. Go to the OPSC Home Page
2. Select “Programs” from the menu in the left-hand column
3. Select “School Facility Program (SB50)”
4. Select the second menu item, which is “Forms”
5. Scroll down to “Other Related School Facility Program Information”
6. Select the first bullet entitled “Application Submittal Information”

Should you have any questions or need clarification regarding the submittal of an application, please contact Selina Mulligan, Eligibility Team Supervisor, at 916.322.0290.

School Facility Program Expenditure Reports

Under Regulation Section 1859.104, school districts are required to submit an *Expenditure Report* (Form SAB 50-06), with a supporting detailed listing for each project expenditure on an annual basis, with the first report due one year following the first release of funds. A suggested format can be located on the Office of Public School Construction web site at www.opsc.dgs.ca.gov. To help expedite and facilitate the process, please be sure to submit the *Expenditure Report* directly to:

Department of General Services
Office of Public School Construction
Attn: Jesse Mendez, Audit Team
1130 K Street, Suite 400
Sacramento, CA 95814

For specific information regarding the *Expenditure Report*, please contact Jesse Mendez, Audit Team, at jesse.mendez@dgs.ca.gov or 916.322.5850.

Financial Hardship Districts/Additional Planning Funds

School Facility Program regulation Section 1859.81.1(c), which allows an increase for separate New Construction design apportionments from 20 percent to 40 percent, approved by the State Allocation Board (SAB) at its April 26, 2000 meeting, became effective on September 12, 2000. Financial Hardship districts may receive up to 40 percent design funding for new construction projects. Those districts that have previously received a 20 percent (design only) apportionment may apply for a second 20 percent apportionment as follows:

- ◆ Submit an *Application for Funding*, (Form SAB 50-04, Revised 7/00) checked only once in Section 1 for “Design Only-New Construction”.
 - ◆ The 20 percent amount will be identical to that previously received; it is not subject to current index adjustments.
 - ◆ Districts must be justified by all current requirements, *including the priority point mechanism and calculation* approved by the SAB.
 - ◆ The financial hardship approval must be within the six-month approval window.
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Status of Funds

Per the October 25, 2000 State Allocation Board Meeting

| <i>Program</i> | <i>Funds Available as of 09.27.00</i> | <i>Apportionments and Adjustments</i> | <i>Balance Available as of 10.25.00</i> |
|------------------------------|---|---|---|
| Proposition 1A | | | |
| New Construction | 1,322.9 | (0.8) | 1,322.1 |
| Modernization | 0 | 0 | 0 |
| Hardship | 231.4 | (0.5) | 230.9 |
| Facility Hardship (Reserved) | 0 | 30.5 | 30.5 |
| Class Size Reduction | | | |
| Committed | 29.2 | 0.0 | 29.2 |
| Uncommitted | 30.5 | (30.5) | 0 |
| Subtotal | \$1,614.0 | (\$1.3) | \$1,612.7 |
| Prior Bond Funds | | | |
| Contingency Reserves | 27.4 | (1.2) | 26.2 |
| AB191 | 20.0 | (16.3) | 3.7 |
| Northridge Earthquake | 0 | 0 | 0 |
| Subtotal | \$47.4 | (\$17.5) | \$29.9 |
| Grand Total | \$1,661.4 | (\$18.8) | \$1,642.6 |

Note: Amounts are in millions of dollars. Amounts within parentheses () are negative amounts.

Construction Cost Indices

Lease-Purchase Program

Construction Cost Indices for October 2000

| | |
|--------------------------|------|
| Class "B" Buildings | 1.40 |
| Class "D" Buildings | 1.41 |
| Furniture and Equipment | 1.39 |
| Historical Savings Index | 5.88 |

Class "B" Buildings: Constructed primarily of reinforced concrete, steel frames, concrete floors and roofs.

Class "D" Buildings: Constructed primarily of wood.

Furniture and Equipment: An index based on an adjustment factor obtained quarterly from the Marshall & Swift Company.

Historical Savings Index: An index derived quarterly from the SAB approved new construction (growth) contract bids. It is the percentage difference between the SAB/OPSC generated construction allowance and the approved contract bid.

Copies of the applicable SAB actions, proposed regulations, and additional information can be located on the OPSC Web site at <http://www.opsc.dgs.ca.gov>. Should you have questions or need any additional information regarding the contents of this advisory, please contact your project manager.



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